

COMPANY REGISTRATION NUMBER 4340639

**The Franklyn Group Limited and its  
Subsidiary Undertakings  
Financial Statements**

**For  
30 June 2005**



**JOLLIFFE CORK LLP**  
Chartered Accountants & Registered Auditors  
33 George Street  
Wakefield  
WF1 1LX

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Financial Statements**

**Year Ended 30 June 2005**

<b>Contents</b>	<b>Page</b>
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditors' Report to the Shareholders	4
Group Profit and Loss Account	6
Group Balance Sheet	7
Parent Company Balance Sheet	8
Group Cash Flow Statement	9
Notes to the Financial Statements	11

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Officers and Professional Advisers**

<b>The Board of Directors</b>	Mr R A Fleming Mrs S A MacArthur Mrs D L Taylor
<b>Company Secretary</b>	Mrs D L Taylor
<b>Registered Office</b>	33 George Street Wakefield WF11LX
<b>Auditors</b>	Jolliffe Cork LLP Chartered Accountants & Registered Auditors 33 George Street Wakefield WF1 1LX
<b>Bankers</b>	Bank of Ireland 36 Queen Street London EC4R 1HJ
<b>Solicitors</b>	Keeble Hawson Protection House 16-17 East Parade Leeds LS1 2BR

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **The Directors' Report**

### **Year Ended 30 June 2005**

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 June 2005.

#### **Principal Activities**

The principal activity of the group during the year was that of Care Home Operators, Care Home Agents and Property Developers.

#### **The Directors and their Interests**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	<b>Ordinary Shares of £1 each</b>	
	<b>At 30 June 2005</b>	<b>At 1 July 2004</b>
Mr R A Fleming	750	750
Mrs S A MacArthur	50	50
Mrs D L Taylor	<u>200</u>	<u>200</u>

#### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

A resolution to re-appoint Jolliffe Cork LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **The Directors' Report** *(continued)*

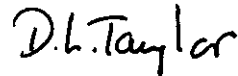
**Year Ended 30 June 2005**

### **Small Company Provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
33 George Street  
Wakefield  
WF11LX

Signed by order of the directors



Mrs D L Taylor  
Company Secretary

Approved by the directors on 20 December 2005

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Independent Auditors' Report to the Shareholders of The Franklyn Group Limited and its Subsidiary Undertakings**

**Year Ended 30 June 2005**

We have audited the financial statements of The Franklyn Group Limited and its Subsidiary Undertakings for the year ended 30 June 2005 on pages 6 to 16 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Independent Auditors' Report to the Shareholders of The Franklyn Group Limited and its Subsidiary Undertakings *(continued)***

**Year Ended 30 June 2005**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 30 June 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

33 George Street  
Wakefield  
WF1 1LX

20 December 2005

*Jolliffe Cork LLP*

JOLLIFFE CORK LLP  
Chartered Accountants  
& Registered Auditors

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Group Profit and Loss Account**

**Year Ended 30 June 2005**

	Note	2005 £	2004 £
<b>Group Turnover</b>		<b>2,158,987</b>	1,493,991
Cost of sales		<u>90,753</u>	<u>105,912</u>
<b>Gross Profit</b>		<b>2,068,234</b>	1,388,079
Administrative expenses		1,648,557	1,216,997
Other operating income		<u>(4,200)</u>	<u>—</u>
<b>Operating Profit</b>	3	<b>423,877</b>	171,082
Interest payable and similar charges		<u>209,156</u>	<u>175,994</u>
<b>Profit/(Loss) on Ordinary Activities Before Taxation</b>		<b>214,721</b>	(4,912)
Tax on profit/(loss) on ordinary activities	4	<u>13,976</u>	<u>—</u>
<b>Retained Profit/(Loss) for the Financial Year</b>	5	<b><u>200,745</u></b>	<b><u>(4,912)</u></b>

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 11 to 16 form part of these financial statements.

# The Franklyn Group Limited and its Subsidiary Undertakings


## Group Balance Sheet


30 June 2005

	Note	2005 £	2004 £
<b>Fixed Assets</b>			
Intangible assets	6	75,417	85,417
Tangible assets	7	4,936,450	4,630,676
		<u>5,011,867</u>	<u>4,716,093</u>
<b>Current Assets</b>			
Stocks		163,241	148,941
Debtors	9	239,606	200,258
Cash at bank and in hand		6,531	31,739
		<u>409,378</u>	<u>380,938</u>
<b>Creditors: Amounts Falling due Within One Year</b>	10	854,944	682,020
<b>Net Current Liabilities</b>		<u>(445,566)</u>	<u>(301,082)</u>
<b>Total Assets Less Current Liabilities</b>		<u>4,566,301</u>	<u>4,415,011</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	11	1,954,477	1,983,952
		<u>2,611,824</u>	<u>2,431,059</u>
<b>Capital and Reserves</b>			
<b>Shareholder loan</b>		1,289,711	1,309,691
Called-up equity share capital	12	1,000	1,000
Revaluation reserve		1,131,538	1,131,538
Profit and loss account	13	189,575	(11,170)
<b>Shareholders' Funds</b>		<u>1,322,113</u>	<u>1,121,368</u>
		<u>2,611,824</u>	<u>2,431,059</u>

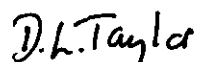
These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 20 December 2005 and are signed on their behalf by:

  
Mr R A Fleming

  
Mrs S A MacArthur

Mrs D L Taylor



The notes on pages 11 to 16 form part of these financial statements.

# The Franklyn Group Limited and its Subsidiary Undertakings

## Parent Company Balance Sheet

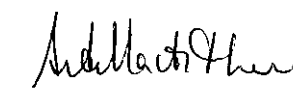
30 June 2005

	Note	2005 £	2004 £
<b>Fixed Assets</b>			
Intangible assets	6	75,417	85,417
Tangible assets	7	4,849,323	4,615,905
Investments	8	2,000	2,000
		<u>4,926,740</u>	<u>4,703,322</u>
<b>Current Assets</b>			
Stocks		3,250	2,300
Debtors	9	660,103	686,032
Cash at bank and in hand		2,059	16,990
		<u>665,412</u>	<u>705,322</u>
<b>Creditors: Amounts Falling due Within One Year</b>	10	<u>797,026</u>	<u>658,609</u>
<b>Net Current (Liabilities)/Assets</b>		<u>(131,614)</u>	<u>46,713</u>
<b>Total Assets Less Current Liabilities</b>		<u>4,795,126</u>	<u>4,750,035</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	11	<u>1,954,477</u>	<u>1,983,952</u>
		<u>2,840,649</u>	<u>2,766,083</u>
<b>Capital and Reserves</b>			
<b>Shareholder loan</b>		1,289,711	1,309,691
Called-up equity share capital	12	1,000	1,000
Revaluation reserve		1,131,538	1,131,538
Profit and loss account	13	418,400	323,854
<b>Shareholders' Funds</b>		<u>1,550,938</u>	<u>1,456,392</u>
		<u>2,840,649</u>	<u>2,766,083</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 20 December 2005 and are signed on their behalf by:

  
Mr R A Fleming

  
Mrs S A MacArthur

Mrs D L Taylor



The notes on pages 11 to 16 form part of these financial statements.

# The Franklyn Group Limited and its Subsidiary Undertakings

## Group Cash Flow Statement

Year Ended 30 June 2005

	2005	2004
	£	£
<b>Net Cash Inflow From Operating Activities</b>	<b>607,193</b>	<b>330,449</b>
<b>Returns on Investments and Servicing of Finance</b>		
Interest paid	(209,156)	(175,994)
<b>Net Cash Outflow From Returns on Investments and Servicing of Finance</b>	<b>(209,156)</b>	<b>(175,994)</b>
<b>Capital Expenditure</b>		
Payments to acquire intangible fixed assets	—	(50,000)
Payments to acquire tangible fixed assets	(352,379)	(1,208,375)
<b>Net Cash Outflow From Capital Expenditure</b>	<b>(352,379)</b>	<b>(1,258,375)</b>
<b>Cash Inflow/(Outflow) Before Financing</b>	<b>45,658</b>	<b>(1,103,920)</b>
<b>Financing</b>		
Movement in shareholder loan	(19,980)	351,326
Movement in bank loans	(50,886)	766,095
<b>Net Cash (Outflow)/Inflow From Financing</b>	<b>(70,866)</b>	<b>1,117,421</b>
<b>(Decrease) / Increase in Cash</b>	<b>(25,208)</b>	<b>13,501</b>
<b>Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities</b>		
	2005	2004
	£	£
Operating profit	423,877	171,082
Amortisation	10,000	9,583
Depreciation	46,605	33,921
Increase in stocks	(14,300)	(39,184)
(Increase)/decrease in debtors	(39,348)	41,801
Increase in creditors	180,359	113,246
<b>Net cash inflow from operating activities</b>	<b>607,193</b>	<b>330,449</b>

The notes on pages 11 to 16 form part of these financial statements.

# The Franklyn Group Limited and its Subsidiary Undertakings

## Group Cash Flow Statement *(continued)*

Year Ended 30 June 2005

### Reconciliation of Net Cash Flow to Movement in Net Debt

	2005		2004	
	£	£	£	£
Decrease in cash in the period	(25,208)		13,501	
Net cash outflow from/(inflow) from bank loans	<u>50,886</u>		<u>(766,095)</u>	
		25,678		(752,594)
<b>Change in net debt</b>		<u>25,678</u>		<u>(752,594)</u>
Net debt at 1 July 2004		(2,346,911)		(1,594,317)
Net debt at 30 June 2005		<u>(2,321,233)</u>		<u>(2,346,911)</u>

### Analysis of Changes in Net Debt

	At 1 Jul 2004 £	Cash flows £	At 30 Jun 2005 £
Net cash:			
Cash in hand and at bank	<u>31,739</u>	<u>(25,208)</u>	<u>6,531</u>
Debt:			
Debt due within 1 year	(394,698)	21,411	(373,287)
Debt due after 1 year	(1,983,952)	29,475	(1,954,477)
	<u>(2,378,650)</u>	<u>50,886</u>	<u>(2,327,764)</u>
<b>Net debt</b>	<u>(2,346,911)</u>	<u>25,678</u>	<u>(2,321,233)</u>

The notes on pages 11 to 16 form part of these financial statements.

# **The Franklyn Group Limited and its Subsidiary Undertakings**

## **Notes to the Financial Statements**

**Year Ended 30 June 2005**

### **1. Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

#### **Turnover**

The turnover shown in the group profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

10% per annum - straight line

#### **Fixed Assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	15% per annum - straight line
Motor vehicles	25% per annum - reducing balance

# The Franklyn Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 30 June 2005

### 1. Accounting Policies *(continued)*

Depreciation is not provided on land and buildings as the directors intend to carry out refurbishment and repairs as and when required in order to maintain the buildings in good condition.

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### 2. Turnover

Overseas turnover amounted to Nil% (2004 - Nil%) of the total turnover for the year.

### 3. Operating Profit

Operating profit is stated after charging:

	2005	2004
	£	£
Directors' remuneration	134,954	117,316
Staff pension contributions	4,012	3,307
Amortisation	10,000	9,583
Depreciation of owned fixed assets	46,605	33,921
Auditors' fees	7,250	7,250
	<u>134,954</u>	<u>117,316</u>

### 4. Taxation on Ordinary Activities

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 9% (2004 - 0%)	13,976	—
Total current tax	<u>13,976</u>	<u>—</u>

### 5. Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company was £94,546 (2004 - £202,076).

# The Franklyn Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 30 June 2005

### 6. Intangible Fixed Assets

<b>Group and company</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 July 2004 and 30 June 2005	<u>100,000</u>
<b>Amortisation</b>	
At 1 July 2004	14,583
Charge for the year	<u>10,000</u>
At 30 June 2005	<u>24,583</u>
<b>Net Book Value</b>	
At 30 June 2005	<u>75,417</u>
At 30 June 2004	<u>85,417</u>

### 7. Tangible Fixed Assets

<b>Group</b>	<b>Freehold Property £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost or Valuation</b>					
At 1 July 2004	4,418,014	223,425	27,082	8,194	4,676,715
Additions	<u>252,389</u>	<u>22,693</u>	<u>49,119</u>	<u>28,178</u>	<u>352,379</u>
At 30 June 2005	<u>4,670,403</u>	<u>246,118</u>	<u>76,201</u>	<u>36,372</u>	<u>5,029,094</u>
<b>Depreciation</b>					
At 1 July 2004	—	36,656	8,061	1,322	46,039
Charge for the year	—	<u>33,355</u>	<u>9,389</u>	<u>3,861</u>	<u>46,605</u>
At 30 June 2005	—	<u>70,011</u>	<u>17,450</u>	<u>5,183</u>	<u>92,644</u>
<b>Net Book Value</b>					
At 30 June 2005	<u>4,670,403</u>	<u>176,107</u>	<u>58,751</u>	<u>31,189</u>	<u>4,936,450</u>
At 30 June 2004	<u>4,418,014</u>	<u>186,769</u>	<u>19,021</u>	<u>6,872</u>	<u>4,630,676</u>

# The Franklyn Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 30 June 2005

### 7. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost or Valuation</b>				
At 1 July 2004	4,418,014	220,264	19,582	4,657,860
Additions	252,389	17,086	—	269,475
<b>At 30 June 2005</b>	<u>4,670,403</u>	<u>237,350</u>	<u>19,582</u>	<u>4,927,335</u>
<b>Depreciation</b>				
At 1 July 2004	—	36,238	5,717	41,955
Charge for the year	—	32,590	3,467	36,057
<b>At 30 June 2005</b>	<u>—</u>	<u>68,828</u>	<u>9,184</u>	<u>78,012</u>
<b>Net Book Value</b>				
<b>At 30 June 2005</b>	<u>4,670,403</u>	<u>168,522</u>	<u>10,398</u>	<u>4,849,323</u>
At 30 June 2004	<u>4,418,014</u>	<u>184,026</u>	<u>13,865</u>	<u>4,615,905</u>

### 8. Investments

Company	Total £
<b>Cost</b>	
At 1 July 2004 and 30 June 2005	<u>2,000</u>
<b>Net Book Value</b>	
<b>At 30 June 2005</b>	<u>2,000</u>
At 30 June 2004	<u>2,000</u>

The company owns 100% of the issued ordinary share capital of the following companies registered in England;

The Franklyn Developments Limited

The Franklyn (Long Term Care) Limited (Dormant)

The principal activity of The Franklyn Developments Limited is that of property developers and care home agents.

# The Franklyn Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 30 June 2005

### 9. Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	159,445	98,829	157,368	97,987
Amounts owed by group undertakings	—	—	466,124	508,642
VAT recoverable	—	4,910	—	—
Other debtors	15,000	66,803	15,000	65,000
Prepayments and accrued income	65,161	29,716	21,611	14,403
	<u>239,606</u>	<u>200,258</u>	<u>660,103</u>	<u>686,032</u>

### 10. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	373,287	394,698	373,287	394,698
Trade creditors	96,482	53,358	50,163	37,979
Amounts owed to group undertakings	—	—	38,028	1,000
Other creditors including taxation and social security:				
Corporation tax	13,976	—	13,976	—
PAYE and social security	31,090	11,036	10,983	6,866
VAT	20,775	—	—	—
Accruals and deferred income	319,334	222,928	310,589	218,066
	<u>854,944</u>	<u>682,020</u>	<u>797,026</u>	<u>658,609</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	<u>373,287</u>	<u>394,698</u>	<u>373,287</u>	<u>394,698</u>

### 11. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	<u>1,954,477</u>	<u>1,983,952</u>	<u>1,954,477</u>	<u>1,983,952</u>

# The Franklyn Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 30 June 2005

### 11. Creditors: Amounts Falling due after More than One Year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>1,954,477</u>	<u>1,983,952</u>	<u>1,954,477</u>	<u>1,983,952</u>

### 12. Share Capital

#### Authorised share capital:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

#### Allotted, called up and fully paid:

	<b>2005</b>		<b>2004</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 13. Reserves

#### Group

	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance brought forward	1,131,538	(11,170)
Retained profit for the year	—	200,745
Balance carried forward	<u>1,131,538</u>	<u>189,575</u>

#### Company

	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance brought forward	1,131,538	323,854
Retained profit for the year	—	94,546
Balance carried forward	<u>1,131,538</u>	<u>418,400</u>